



## CITY COUNCIL AGENDA ITEM

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**Date:** January 8, 2015

**To:** Troy City Council Members

**From:** Lori Grigg Bluhm, City Attorney *LG*

**Subject:** MMRMA Notification of Excess Net Asset Distribution

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Attached please find a letter from Michael L. Rhyner, Executive Director of Michigan Municipal Risk Management Authority (MMRMA), notifying the City of Troy that its share of excess net assets for fiscal year 2014 is \$302,779. This amount has been credited towards the premiums for our renewal of insurance coverage for 2015.

MMRMA is a government risk pool, created in 1980, which has provided the City of Troy with its insurance coverage for many years. Since it is a risk pool, if there are less claims than anticipated, MMRMA provides the members with a net asset distribution. The net asset distribution is calculated based on longevity with MMRMA and a review of the claims history for the past five years.

In addition to any annual excess net distribution, MMRMA also provides Risk Avoidance Program funding as an incentive for the implementation of risk control measures. In October, the City was awarded the following Risk Avoidance Program (RAP) grants:

- \$2,000 canine grant
- \$5,154 livescan fingerprint grant
- \$2,101 stop stick grant
- \$20,000 taser grant
- \$15,000 pump station emergency generator grant

City Administration has already prepared applications in order to be considered for additional RAP grants, which are due by the end of this month.



**MICHIGAN MUNICIPAL  
RISK MANAGEMENT  
AUTHORITY**

December 18, 2014

Lori Bluhm, City Attorney  
City of Troy  
500 West Big Beaver Road  
Troy, MI 48084

Dear Ms. Bluhm:

Thank you for your recent renewal with the Michigan Municipal Risk Management Authority. On behalf of the MMRMA Board of Directors, I am very pleased to provide City of Troy with \$302,779. This represents your share of the distribution of excess net assets to Members, which was declared by the Board in February 2014. In accordance with your instructions, your share of the distribution will be deposited in your Member Funds Held on Deposit with MMRMA.

This distribution is based on the most recent analysis of net asset adequacy at June 30, 2013. Please be aware this is not a guarantee of future distributions. Each year, the Board determines whether to declare a net asset distribution. This year, the total distribution to eligible Members is \$34.5 million. MMRMA's ability to declare this distribution is a direct reflection of consistently strong performance results. Factors contributing to these results include better than expected loss trends in recent years; Member responsiveness to risk control recommendations; good management practices by Members, resulting in fewer losses; and solid investment income.

However, the essential factor allowing MMRMA to distribute excess net assets is the long-term commitment of its Members. A majority of MMRMA Members enjoy over 20 years of continuous membership, and several have over 25 continuous years with the organization. The method used to calculate the distribution of excess net assets recognizes and rewards those municipalities with sustained longevity. In addition to the years of continuous membership, the calculation method considers General Fund contributions and claim loss history beyond your SIR over the past five years. The ultimate recognition goes to you – the MMRMA Members. Without your ongoing participation, such distributions would not be possible. The Board and I sincerely thank you for your loyal support of this fine organization.

Warmest regards,

Michael L. Rhyner  
Executive Director